

COMMITTEE ON FINANCE

February 6, 2007

Upon Recess of BMA

Mayor Guinta called the meeting to order.

The Clerk called the roll. There were thirteen Aldermen present.

Present: Aldermen Roy, Gatsas, Long, Duval, Osborne, Pinard, O'Neil,
Lopez, Shea, DeVries, Garrity, Smith, Forest

Absent: Alderman Thibault

Messrs.: Frank Thomas, Roch Larochelle

Mayor Guinta addressed item 3 of the agenda:

3. Bond Resolution:

“Authorizing Bonds, Notes or Lease Purchases in the amount of Five Million Three Hundred Thousand Dollars (\$5,300,000) for the 2007 CIP 713107, Granite Street Reconstruction – Phase 3 Project.”

On motion of Alderman O'Neil, duly seconded by Alderman Pinard, it was voted that the Bond Resolution be read by title only, and it was so done.

Alderman Garrity moved that the Bond Resolution ought to pass and layover. Alderman Osborne duly seconded the motion.

Alderman Gatsas stated I guess I'd like an explanation on the \$5.3 million.

Mr. Frank Thomas, Public Works Director, stated at the CIP Committee meeting we handed out this sheet here and attached to it was a breakdown of the budget... \$5.3 million is what has been identified as the project costs to go from Commercial Street up to Elm Street. Also identified was that the overall project budget for the Granite Street project needed \$5.3 million to fund the project in its entirety.

Alderman Gatsas stated the bonded amount is \$5.3.

Mr. Thomas stated that's correct.

Alderman Gatsas asked you're receiving funds from the state for the railroad in the amount of how much?

Mr. Thomas replied the construction project from Commercial Street to Elm Street is a \$5.3 million project. Included in that \$5.3 million is \$650,000 in railroad work that we are funded for from the state.

Alderman Gatsas stated so this bond resolution is wrong then.

Mr. Thomas stated no it isn't. The bond resolution is for \$5.3 million in order to fund the last contract and also to cover shortfalls that we need in Contract 1 & 2 the state contract, the bridge contract and to have some additional contingencies for the project.

Alderman Gatsas stated so let me ask a straight out question. Are you going to spend \$6 million or are you going to spend \$5.3 in total dollars?

Mr. Thomas replied on the section from Commercial Street to Elm Street we're going to spend \$5.3 million. To finish off the entire Granite Street project from Main Street to Elm Street we're going to be utilizing a bond resolution of \$5.3 million and I think what you're alluding to the \$650,000 in railroad funds.

Alderman Gatsas stated let me ask the question in a different way if I may. If this Board decided not to fund the \$5.3 million would you be \$650,000 short in completing the project?

Mr. Thomas replied no because part of that \$650,000 shortfall is to cover engineering and contingency for this last project. To answer your question and I know what you're driving at is yes we have a shortfall on the project under Contract 1 & 2 which is part of the funding that we're seeking.

Alderman Gatsas stated I don't know if anybody else on this Board knew that because what we were told was \$5.3 and I was trying to do a service to the City by calling the state to see...there's a railroad fund to get some money because in what you passed us out was about an \$800,000 cost to redo the railroad.

Mr. Thomas stated again Alderman I point to the two attachments to the sheets that were given to the CIP Committee. It addresses the overall project budget, it addresses the railroad funds, there's been no effort to try to deceive you or anybody else.

Alderman Gatsas stated let me just ask the question one more time. If this Board didn't vote for the \$5.3 million to complete the project because we felt we didn't want to bond it what would happen?

Mr. Thomas replied there would be a deficit of about \$250,000 in the first two projects that we have out there. Part of the reason is there is a contingency that was identified a long time ago that's just been carried along in the project for future funding.

Alderman Gatsas asked so if it's \$250,000 why do we need an additional \$700,000 to complete?

Mr. Thomas replied because there's approximately \$250,000...I'll let Roch take over in a minute...there's approximately \$250,000 in engineering to finish off the last segment from Commercial to Elm. In addition, there's an additional contingency that has been placed in reserve so that we don't need to come back to anybody else in case there are additional costs on the project 1 & 2.

Alderman Gatsas stated so when I asked the question last week about the trees and the design at that time we were still \$250,000 short...I think what you said was is that the engineering was \$250,000 short in this last design phase. So, the project's not \$5.3 it's \$5.5.

Mr. Thomas stated construction administration wasn't in inspection... engineering...that's what's short.

Alderman Gatsas stated so really what it should be saying is the project is \$5.5 and not \$5.3.

Mayor Guinta asked would the answer to that question be no because that's already been appropriate because this is a new bond resolution?

Mr. Roch Larochelle, CLD Engineers, replied the additional engineering would be part of the \$5.3 million. If I could explain the funding shortfall or gap. You've identified about \$650,000 that we need to explain and it is part of the \$5.3 million. The breakdown of the funding includes about \$220,000 of expenses that need to be covered for the first two contracts that are currently under construction. The contingencies that were included for those projects exceeded. There are additional expenses incurred on the part of the state project which are not under control or Frank or myself having to do with fuel adjustments that the contractor's do. Other portions of it on the bridge project have to do with overages for items like removal of contaminated soils; there's also some escalation in the railroad crossing

program that we've accounted for. Included in that value as well through some coordination with the state. About \$210,000 of that is for construction engineering which is needed to cover the additional six months that we've extended the contract by when we decided to put off advertising of the final phase for a year while we searched for \$1.5 million or whatever the dollar amount would be in federal earmark funding. So, effectively the contract has been extended. The City needs to have resident inspection services out there for that additional six months to cover the contractor while he's out there working in addition to what we're already spending on resident engineering time out there. That in essence makes up about \$502,000 of the \$650,000 that you're alluding to. The remainder is about \$150,000 that was used to build in contingency for the remaining contract mainly because we don't know the true cost of that contract until we bid it. We have true costs on the first two contracts. We've taken the bids, we're building the projects the unknowns are fairly well defined. The final contract still contains some contingencies until we bid the project and take bids on that. That essentially makes up the \$650,000 that you're looking for I think in the railroad funding.

Alderman Gatsas stated I guess my question is when was this Board ever going to be told about \$650,000 additional costs on a project. I know that's not a lot of money but on \$5.3 it's probably 12 or 13%.

Mr. Larochelle stated I'm not sure that it was ever misrepresented. It might not have been presented in such a way that would have brought it to light I guess. The dollar amount that you're talking about had always been included in the budget breakdown that was given to the CIP. We spoke earlier about the \$650,000 was shown as money that was coming from the grade crossing program. Four years ago I think we had coordinated with the state agencies to secure that funding as well as some additional monies to rebuild more track down there when Guilford Transportation decides that they want to move ahead with that.

Alderman Gatsas stated I think the record will show that when we talked about it last week in CIP that the total amount that you needed to complete the project was \$5.3 million not \$6 million because without the other \$650,000 you couldn't complete the project.

Mayor Guinta interjected I'm going to go to Alderman Shea.

Alderman Shea stated I want to take a different approach here but equally as important for my constituents. You're saying that it will cost \$5.3 million to go from Commercial Street to Canal Street to Elm Street.

Mr. Thomas stated that is correct.

Alderman Shea stated I am totally in favor of \$3.2 million...no question about that. But, the \$1.8 million in my judgment has to be compared and weighed against what I have here which are drainage problems for my constituents. Now, I'm just speaking for myself and not including any other Alderman. My point is what are we going to get for \$1.8 million from Canal Street to Elm Street. I know one thing Alderman Gatsas added the CIP Committee meeting from Elm to Canal was done over that was in 1983.

Mr. Larochelle stated that is correct.

Alderman Shea stated so you're telling me that we're not going to get a widening of Canal Street...now that was in the *Hippo Press*...nobody is widening Canal Street.

Mr. Thomas stated well that is not quite true. The sidewalks are going to be widened on both sides of Canal Street.

Alderman Shea stated not the road.

Mr. Thomas stated the travel way of the road is going to be widened also. There is not going to be more lanes. The sidewalks are being widened to make it more pedestrian friendly. You have to hold the not property line because you can't go any farther north so you're going from...adding I think two feet onto the sidewalks.

Mr. Larochelle stated currently they're six-foot sidewalks out there and we're going to 10-foot sidewalks.

Mr. Thomas stated so we're adding four feet onto the sidewalks on either side and we're also including widening of the lanes by two feet.

Mr. Larochelle stated four feet on either side of the road for bicycle lanes. This was one of the goals that was set forth in the project in the original planning phases was to provide for improved bicycle and pedestrian access through the entire corridor to Elm Street.

Alderman Shea stated so that being said be that wonderful projects that are wants in my judgment and not needs...this is not need but it's a want. Now, we have budgets...the Mayor budgeted last year \$10 million in '07, he could have budgeted \$2 million but he preferred to budget \$10 million. Over the course of two years we're about to budget according to our rating \$20 million. Because the Mayor wanted to continue to hold the tax rate at a certain level he budgeted \$2

million now he has to rebudget another \$5.3 million to complete this project. If he does not budget any more money, he refuses to because he wants to take the tax rate and keep it low or because the Aldermen in their wisdom don't want to raise the taxes then how do I explain to my constituents and I have pictures here and these pictures show not sidewalks but cellars be inundated, flooded...I have roads being flooded...you know, Frank, on Ruth Avenue there's a pool there every time. I have appraisals for these people, they've been waiting longer than the Granite Street project. We know that Mammoth Road because of the Cemetery Brook that it's overflowing property. Alderman O'Neil asked this and it kind of went by the Board but he said if we don't get anymore funding how are we going to explain to these other constituents in different wards what we're going to do. On that basis, I don't think it's fair for us as an Aldermanic Board to pour all of our bonding into a project on Granite Street to the neglect of the people who you heard tonight pay more of the tax rate in the City than any commercial property or anything else. How do you explain that? How can I an Alderman be justified and say it's okay to get \$5.3 million for a project...\$1.8 which is quote, unquote according to your words "cosmetic in nature" when I have needs here and I'm not the only Alderman that has needs and that's why this Aldermanic Board should very seriously consider whether we want to fund \$3.2 million of that project or \$5.3 million... that's my concern. So, I thank you, your Honor, for letting me deliver this.

Mr. Thomas asked was there a question there.

Mayor Guinta stated let me try to answer it because I'm happy to. The neighborhood issues are very, very important.

Alderman Shea asked do you plan, your Honor, to keep the bonding for the \$5.3 or do you plan on raising it to \$10 million over the next year?

Mayor Guinta replied what I had done when I presented the fiscal year 2007 budget was to reduce...my recommendation to this Board from \$20 million to \$10 million for two reasons. Number one, I saw a troubling trend in the amount that we were bonding when you look at our debt service payments and our interest on maturing debt...that was a concern of mine...about \$14 million a year that we're paying in debt and in interest on maturing debt. I wanted to try to start reducing that. The second thing that I did talk about is there is a potential need for this particular project and I did want to...if we had to as a last resort utilize some of that potential bonding capacity and I thank the Board again for being conservative when it came to that bonding number. I was originally looking to try to go from \$20 million to maybe \$18 and we ended up going down to \$10 in case we came upon this problem. We're now here...this is an on-going project. I don't think any of us wants to stop it in the middle of it, it doesn't diminish the weight and the

importance of what you're talking about in the neighborhoods and I think we do have to start looking at a plan to revitalize some of the neighborhoods beyond what we're doing on the west side on Kelley Street. It's a legitimate issue. As you know the west side received that focus and that project very well and we should continue to look at other neighborhood improvements. I think it's what we should be doing as a municipal government. So, to that end I'd be happy to work with you. I can't tell you today where we're going to end up for future bonding because I just started crafting a budget myself. But, I can tell you I'm certainly going to be conservative in not just bonding but trying to keep in mind the taxpayers and the tax rate this year.

Alderman Shea stated a bird in the hand, your Honor, is worth two in the bush.

Mayor Guinta stated I've heard that many times.

Alderman Shea stated and if they get that bonding and there is no discussion about raising the amount of bonding then we can discuss it all we want but '08 will go by and other needs and wants will come up in '09. So, my point is do you intend only to fund a \$5.3 bond for '08 or do you intend to raise it a little bit more?

Mayor Guinta stated are you asking me if I intend on opening this up beyond the \$5.3.

Alderman Shea stated yes.

Mayor Guinta replied at this point no. It doesn't mean that what you're talking about cannot be in a future project though.

Alderman Shea stated my point is then why should I as an Alderman vote for something that I know is not as important as what my or others...and I'm asking all of the Aldermen to do the same thing...that's the decision they have to make because when we come for bonding and you're saying there isn't any money left for bonding and my particular constituents who have repeatedly written to you, your Honor, repeatedly you have record of this and I don't want to name the man on So. Jewett Street but you know who I mean and Sean knows who I mean the point of the matter is that I have to answer...I'm elected...politics are local...that was said by Tip O'Neill. All of us have an obligation and a responsibility to our constituents and that's what we should weigh when we make this decision. Each one of us has our own vote and each Alderman has to weigh that and I thank you for letting me explain.

Mayor Guinta asked are there any other comments before we take a vote.

Alderman Lopez stated if for some reason this bonding doesn't go out what obligations do we have for the whole project?

Mr. Thomas replied first of all I refer you back to August 2005. In August of 2005 we came into the CIP Committee and then ultimately to the Board and said we have two projects that we're ready to award and we also projected a budget to finish off the remaining work. At that time in 2005 was \$5.143 million, so we had a short fall at that time of \$5.143 million. Back again in August of 2005 we made it very, very clear that if the City of Manchester awards Contract 1 & 2 you are committing to fund as a minimum the last contract, Contract 3 up to as far as Canal Street, however, again back in 2005 I've researched the minutes we made a very, very strong recommendation at that time that we would not recommend cutting the project back...that the project should go up to Elm Street, that if it isn't you're going to want to do it somewhere down the road, it's going to cost you more money. In addition if you cut back...just recently at this last CIP meeting, CLD identified that cost as \$1.8 million to do from Canal Street up to Elm...that isn't really a true cost because if you don't do that section you still have to do some work to tie old Granite Street in, you still have to do signal work up on Elm Street and that's about \$400,000. So, it is not a \$1.8 million savings first of all it's only about a \$1.4 million saving.

Alderman Shea stated excuse me, your Honor, I want to mention this. When you prolong projects like this too you have to pay more money you understand that too.

Mr. Thomas stated Alderman Shea I agree that we have a lot of storm drainage projects, we have a lot of sewer projects...later on tonight you're going to hear about a lot of sewer projects. There are a lot of needs in the City of Manchester, capital needs and unfortunately we can't fund them all.

Alderman Shea stated no but I want to make the point, Frank, that if it costs more for the project to be completed on Granite Street and again from Canal to Elm it's going to cost more on infrastructure improvements in every ward in the City.

Mr. Thomas stated I agree with you.

Alderman Lopez stated I think during some discussions I don't know if it was you Frank or the gentleman that we have to go up 300 feet from Canal Street no matter what. Could you explain that a little bit.

Mr. Larochelle stated the question was what would happen if you ended the project at Canal Street and the discussion that we had was that you would still have to do a little bit of work to be able to blend the roadway back in from Canal Street about 300 feet up towards Elm Street just to make it work, to make the cars so that they could transition smoothly from the new area to the old road. We had priced that out at the request of Frank at about \$400,000 to do that...keep in mind that about \$225,000 of that is the right-of-way money that would essentially have to be given back to the state for the purchase of the Fleet Bank parcel if that project is never to be built all the way up to Elm Street.

Mayor Guinta called for a vote on the motion that the Bond Resolution ought to pass and layover.

Roll call vote was taken. Aldermen Gatsas, Shea and DeVries voted nay. Alderman Long, Duval, Osborne, Pinard, O'Neil, Lopez, Garrity, Smith, Forest and Roy voted yea. Alderman Thibault was absent. The motion carried.

Mayor Guinta addressed item 4 of the agenda:

4. Resolutions:

“Amending the FY2007 Community Improvement Program, authorizing and appropriating funds in the amount of Seven Thousand Three Hundred Seventy Six Dollars (\$7,376) for the FY2007 CIP 210107 Homeless Health Care Program.”

“Amending the FY2007 Community Improvement Program, authorizing and appropriating funds in the amount of Two Thousand Six Hundred Eighty Dollars (\$2,680) for the FY2007 CIP 411007 NH Sobriety Checkpoint Program.”

“Amending the FY2007 Community Improvement Program, authorizing and appropriating funds in the amount of Twenty Three Thousand Nine Hundred Twenty Dollars (\$23,920) for the FY2007 CIP 411307 Project Safe Neighborhoods Program.”

“Amending the FY2007 Community Improvement Program, authorizing and appropriating funds in the amount of Twenty Four Thousand Dollars (\$24,000) for the FY2007 CIP 411507 Stop Violence Against Women (VAWA) Program.”

“Amending the FY2007 Community Improvement Program authorizing and appropriating funds in the amount of One Million Eight Hundred Thousand Dollars (\$1,800,000) for the FY2007 CIP 610407 Housing Rehab/Lead Hazard Control Program.”

“Amending the FY2007 Community Improvement Program, authorizing and appropriating funds in the amount of Five Million Three Hundred Thousand Dollars (\$5,300,000) for the 2007 CIP 713107 Granite Street Reconstruction – Phase 3 Project.”

“Amending the FY2007 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of Ten Thousand Five Hundred Dollars (\$10,500) for the FY2007 CIP 811407 Manchester VISTA Initiative Program.”

On motion of Alderman O’Neil, duly seconded by Alderman DeVries, it was voted to dispense with the reading of the Resolutions by titles only.

Alderman Garrity moved that the Resolutions ought to pass and be enrolled. Alderman Forest duly seconded the motion. The motion carried with Aldermen Gatsas, Shea and DeVries duly recorded in opposition to 713107 Granite Street Reconstruction – Phase 3 Project resolution.

Mayor Guinta addressed item 5 of the agenda:

5. CIP Budget Authorizations:

710905	Parking & Traffic Improvements – Revision #1
210107	Homeless Healthcare – Revision #1
212107	Refugee Health Case Manager – Revision #1-Closeout
411007	NH Sobriety Checkpoint Program – Revision #1
411307	Project Safe Neighborhoods – Revision #1
411507	VAWA – Revision #1
610407	Housing Rehab/Lead Hazard Control Program – Revision #3
713107	Granite Street Reconstruction – Phase 3
811407	Manchester VISTA Initiative Program – Revision #3

On motion of Alderman Garrity, duly seconded by Alderman Smith, it was voted that the CIP budget authorizations be approved, subject to final adoption of related resolutions.

There being no further business to come before the Committee, on motion of Alderman Garrity, duly seconded by Alderman Smith, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee